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THE WEEKLY OF
BUSINESS AVIATION™

Vol. 51 No.24 | INTELLIGENCE | Page 225

NUMBER OF FIXED-BASE OPERATIONS available for sale surprises even some long-time FBO executives, but the relatively few sales being closed reflects a continuing disparity between what sellers are demanding and the amount of money potential buyers are willing to offer. Prices being asked could begin to drop, however, if fuel prices remain high and flying activity and volume of fuel being purchased continue to decline. Long-term outlook favors further consolidation in the FBO industry *(see article on Page 229)*.

SOME PROPONENTS of general aviation product liability reform legislation are considering changes in the proposed legislation in order to increase chances of passage. GA manufacturers believe product liability bills introduced by Sen. Nancy Kassebaum (R-Kan.) and Rep. Dan Glickman (D-Kan.) are necessary and reasonable, but the industry has been frustrated by its inability to get a floor vote in either house during the past three Congressional sessions. One idea under study would drop the provision eliminating joint and several liability to make the legislation more palatable to Congressmen who have opposed the original bills.

RETAIL SALES of used business aircraft continue to lag far behind historic levels as evidenced by data compiled by Aviation Data Service of Wichita, Kan. *(see charts on Pages 233-234)*. Prices on some models have now dropped to the point that "it's bringing out the bottom fishers" who are looking for bargains, one company president told *BA* last week. The same individual said his company believes used aircraft sales may remain sluggish until mid-1991 when they are expected to pick up.

FINANCIALLY TROUBLED EMBRAER HIT BY STRIKE, RESIGNATION OF CEO

Brazilian aircraft manufacturer Embraer, which laid off one-third of its work force a month ago in a desperate attempt to reduce costs, was staggered by two additional blows last week – a strike by the remaining employees and the resignation of Ozilio da Silva, Embraer's chief executive.

Officials said the strike began Thursday when workers rejected the company's "final offer" on yearend bonus payments. A spokesman Friday said the company has indicated it will not engage in further negotiations until all of the striking employees are back on the job. Perhaps more significant in the long term was the resignation of Ozilio, who has been a key executive of Embraer since it was founded in the late 1960s. He had served as commercial director of the company for nearly two decades and was responsible for the success of the 19-seat Bandeirante and the 30-seat Brasilia in the regional airline market. He became president in 1986 when Ozires Silva, who had headed the company since its inception, left to head Petrobras, Brazil's major oil production company.

In announcing the reduction of its work force from 12,539 to 8,545 and salary reductions of up to 50 percent for senior executives a month ago, Ozilio said Embraer had encountered a severe cash flow problem due to delays in two debt-swap operations that had been submitted to the Central Bank of Brazil in late 1989 *(BA, Nov. 5/175)*. As a result, the company has been forced to delay payments to banks and suppliers and has accumulated a short-term debt of $560 million, of which $235 million are receipts in advance of contracted exports. Officials indicated that Ozilio had developed several different proposals to get the government to complete the debt-swap and although Embraer has been promised about $150 million in the near future, that is far short of the amount necessary. Ozilio reportedly resigned to permit appointment of someone who might have better luck in winning government support.

(Continued on the following page)

NOW ONLINE WORLDWIDE

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EMBRAER *(Cont.)*

An Embraer spokesman said Friday the company was waiting for word from the Brazilian Air Ministry on who would succeed Ozilio as chief executive, but one possibility is Joao Cunja, a senior assistant to the Brazilian economic minister. Whoever takes the job will face technical as well as financial challenges. Embraer said last month it had encountered a major design problem with its EMB-145, the 45-passenger regional jet, that is expected to delay production by at least a year. There is concern also about the prospects for the CBA-123 pusher prop 19-seater because of rapidly growing costs that could price it out of the regional airline market.

INNOTECH PARENT BUYS EXECAIRE TO FORM CANADA'S LARGEST MANAGED FLEET – IMP Group of Halifax, Nova Scotia has completed the acquisition of Execaire, Inc., a Montreal, Quebec-based firm specializing in corporate flight operations and aircraft maintenance. The combination of Execaire's fleet of 11 aircraft operated under management contracts for corporate operators, and IMP's Innotech Aviation Ltd., which manages a fleet of 14 aircraft, will make the joint operation the largest operator of corporate aircraft in Canada. IMP President Ken Rowe said "Execaire is one of Canada's largest managers of corporate jet aircraft and also has an outstanding reputation for its aircraft repair, overhaul and line maintenance. The firm's specialities are complementary to those of...Innotech and it is likely that some of the two firms' activities will be combined to more fully serve the general aviation industry."

Execaire, which has annual revenues of about $35 million (Canadian), was purchased from Claridge Inc., part of the Bronfman interests that have been involved with corporate aviation in Canada for many years. With the addition of Execaire, Innotech's annual revenues will exceed $100 million. Execaire has about 160 employees while Innotech has approximately 560 employees. In addition to aircraft management, Innotech is involved in business jet completions and modifications, airframe and engine maintenance, airborne remote sensing and aircraft sales. Innotech is the exclusive Canadian distributor for the BAe 125 line of business jets. The combined Execaire/Innotech fleet includes 13 BAe 125 aircraft, the largest managed fleet of 125s in North America. In addition to the 125s, the combined fleet includes a Falcon 900, four Challenger 601s, two Westwinds, two Citations, a Gulfstream I, a Bell 206 and a Piper Navajo. Innotech also utilizes a Falcon 20, a Convair 580 and a DC-3 in its remote sensing operations.

EPA RULE COMPELS FBOS TO RESPOND TO STORM WATER CONTAMINANTS – Environmental Protection Agency has given airport operations until March to decide how they plan to obtain permits to release storm water runoffs into municipal sewer systems. EPA issued a final rule in November requiring all operations with "storm water discharges associated with industrial activity" to apply for permits to control the level of pollutants draining into municipal sewer systems *(BA, Dec. 3/215)*.

The permit requirement applies to operations that conduct fueling/fuel handling and storage, maintenance, aircraft cleaning, deicing, aircraft refurbishing and/or painting. Once it receives the application, the EPA will determine if the operation has an excessive amount of pollutants draining into the sewage system. Those applicants who exceed the threshold will have to institute some controls on the contaminants released. This could mean collecting excess glycol from deicing (which could be recycled), cleaning the remnants of a long-existing spill, or coming up with a new drainage system.

The final rule for the permit sets the framework for the application process, which allows covered operations on airports to either apply as a group or individually. Operations that apply as a group must complete the first phase of the application by March 15. Phase I essentially calls for the group to list the participants and the nature of their activities. The groups then have until May of 1992 to fulfill the remainder of the application. Individual applicants have until November 1991 to submit their applications, but the entire application must be completed at that time. National Air Transportation Association currently is looking at the merits of putting together groups for the applications.

To complete the application, the group or individual must submit an accurate sample of storm water runoff – taken during "average" rainfall and during normal operations such as deicing. Applicants must also list materials/chemicals exposed to storm water, estimate impervious surfaces and the total drainage of each outfall and the history of leaks and spills for the past three years.

Groups must sample 10 percent of the participants' runoff to comply with application requirements. However, the permits must be updated about every five years and EPA intends to audit the operations, so almost every applicant will have to prove at some time that they comply with the permit regulations. Operations that do not apply for the permit by the appropriate application date will face a substantial fine from the EPA. NATA is considering petitioning EPA for an extension of the initial group deadline because the association fears the date does not give FBOs enough time to learn about the application process.

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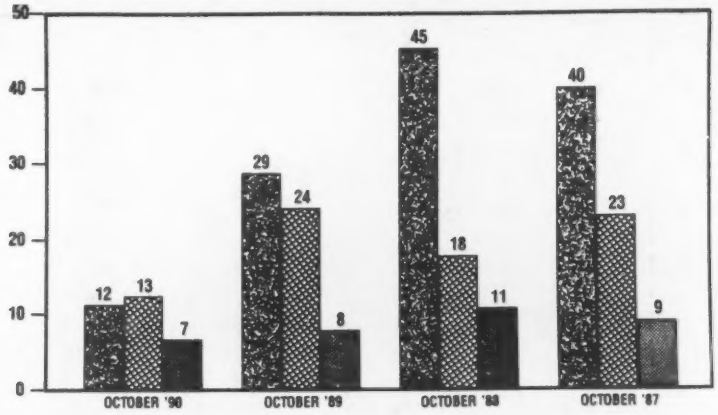
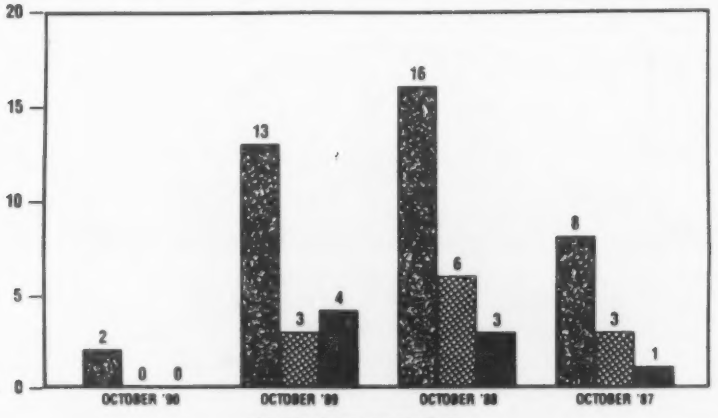
USED RETAIL JET DELIVERIES – NORTH AMERICA



FOR THE MONTH OF OCTOBER

LIGHT	MEDIUM	HEAVY
SN601 Corvette Beechjet 400 Citation 1 + 2 Falcon 10 + 100 I.A.I. 1121 A/B/C Commodore Jet Lear Jet 23/24/25/28/29/35/36 MU300 Diamond 1/1A/2 MS760 Paris Jet	Citation 3 Falcon 20/200 BAE 125 (All Models) I.A.I. 1123/1124/1124A Westwind I.A.I. 1125 Astra Lear Jet 55/55ER/55L/55CL/55XLR/55C Sabreliner (All Models)	CL600/601 Challenger Falcon 50/900 G1159 Gulfstream 2/2B/3/4 Lockheed Jetstar (All Models) All Airliner Type Jets Such as Boeing 707 and similar type aircraft

USED RETAIL JET DELIVERIES – OUTSIDE NORTH AMERICA



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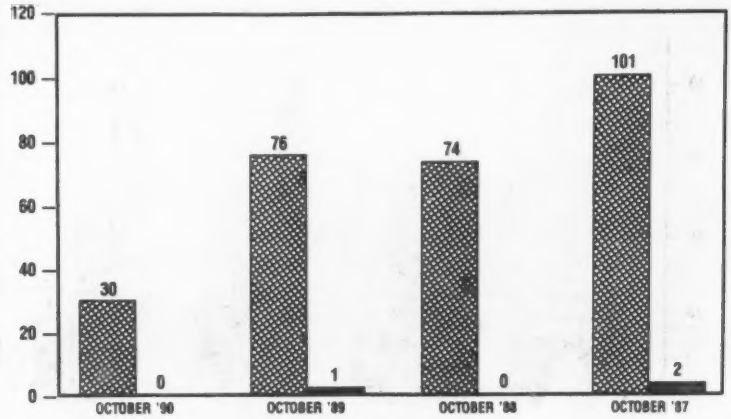
SOURCE: ARNOLD, INC., WICHITA, KS.

USED RETAIL TURBOPROP DELIVERIES – NORTH AMERICA



FOR THE MONTH OF OCTOBER

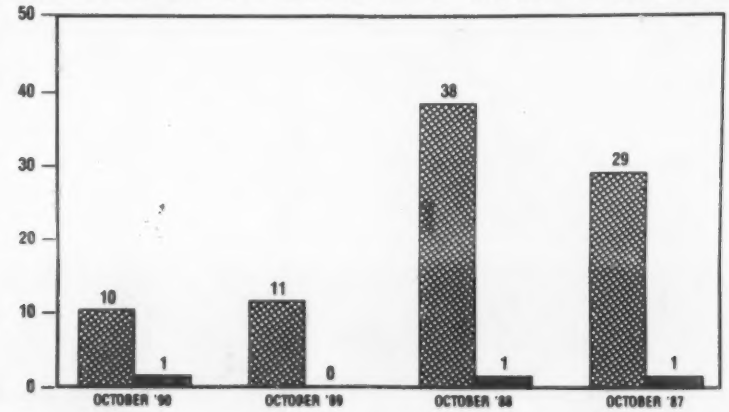
MEDIUM

Turbo Commander (All Models)
Beech 90 King Air (All Models)
Beech 100 King Air (All Models)
Beech 200 King Air (All Models)
Beech 300 King Air (All Models)
Cessna 400 SRS Conversions
Cessna 425/441/405/435
Mitsubishi MU2 (All Models)
PA31T/PA42 Cheyenne (All Models)
Swearingen Merlin/Metro (All Models)

HEAVY

G159 Gulfstream I
All Airliner Type Turboprops
Such as F.27 Friendship and similar type aircraft

USED RETAIL TURBOPROP DELIVERIES – OUTSIDE NORTH AMERICA



FOR THE MONTH OF OCTOBER

MEDIUM

HEAVY

SOURCE: AVDEX, INC., WICHITA, KS.